

**Watertown Local Development Corporation
Thursday, September 18, 2014
Minutes**

The Watertown Local Development Corporation (WLDC) held its board meeting on Thursday, September 18, 2014 at 82 Public Square, Watertown, New York.

MEMBERS PRESENT – Jeffrey Graham, President; Erika Flint, Jeffrey Fallon, RoAnn Dermady, Kenneth Mix, Donald Alexander, Dave Zembiec (Designee for Donald Alexander), Steve Hunt, Mike Lumbis (Designee for Kenneth Mix)

MEMBERS EXCUSED – John Vanderloo (Designee for Steve Hunt), James Mills (Designee for Jeffrey Graham)

OTHERS PRESENT – Donald Rutherford, CEO; James Heary, Legal Counsel; Kim Taylor, Executive Assistant; Craig Fox, Reporter, Watertown Daily Times

I. CALL OR ORDER – President Graham called the meeting to order at 8:30 a.m.

II. MINUTES – Mr. Alexander made a motion to adopt the minutes of August 21, 2014, seconded by Mr. Fallon. All in favor, approved.

III. FINANCIAL REPORTS – The August financials will be presented at the October meeting. Mr. Rutherford reviewed the August 2014 customer loan report. Mr. Alexander made a motion to approve the August customer loan report, seconded by Mrs. Flint. All in favor, approved.

IV. CORRESPONDENCE – None

V. LOAN REVIEW COMMITTEE

The J. B. Wise Block, LLC – The J.B. Wise Block, LLC is requesting loans and grants totaling \$941,000 to renovate and make improvements to construct 7 apartment units on the third floor of the 259 J.B. Wise Place. Thomas Millar (40% Member) will be added as a guarantor, Thomas Horning (20% Member) will remain as guarantor and a cash equity contribution of \$180,000 is being injected by Howard Eisenberg. Mr. Rutherford indicated the funding sources have changed since the LDC's loan committee recommended the request. Mr. Rutherford stated the bank has approved financing under the previous structure. Mr. Rutherford will update the bank on the current structure.

Mr. Rutherford stated an important downtown building will be restored, the LDC will gain a guarantor and the refinancing will improve the LDC's collateral position. The WLDC will be a take-out upon completion lender; the Bank will do the construction piece of the project financing. The Bank will fund and monitor the construction loan based on the WLDC commitment.

Interest accrued and late fees will be paid at the closing on the existing \$41,000 loan.

A motion was made by Mr. Alexander and seconded by Mr. Flint to approve the refinancing in the amount of \$141,000 to The J.B. Wise Block, LLC (\$41,000 existing loan; \$100,000 new money) to be used to construct 7 apartment units and renovations to 259 J.B. Wise Place, Watertown, NY. Fixed interest at 4.00%, term of 10 years, interest only payments for 12 months from the date of closing, co-proportional 1st mortgage with Bank, guarantees of Thomas

Millar, Thomas Horning, equity member Howard Eisenberg injection of \$180,000, contingent upon Bank financing, Neighbors of Watertown HOME grant. Mrs. Dermady abstained. All in favor. Carried.

Wright Brothers, LLC – A motion was made by Mrs. Flint and seconded by Mrs. Dermady to approve a principal moratorium for six (6) months to Wright Brothers, LLC contingent upon approval of the JCIDA. All in favor. Carried.

Mr. Rutherford stated Wright Brothers, Inc. and Guilfoyle Ambulance Service, Inc. which are owned by the same family lost a substantial contract with Fort Drum and two nursing homes moved to the Town of Watertown decreasing revenue. Guilfoyle will move its operation to the former Newell Street location which is more efficient to the business and will be able to gain financial stability.

Peppercorn Lodging Co. – Mr. Rutherford stated the Bank is requesting consent to the rate reduction of Peppercorn Lodging Co. from 5.25% to 4.00%. The WLDC is a participant with the Bank who administers the Peppercorn Lodging Co. loan. The discussions centered on the fact that as a general rule the WLDC does not arbitrary reduce rates on its loans. Ultimately, it was understood the bank holds the note and the WLDC is simply a participant. It was understood the bank did not want to lose the loan to a competitor therefore agreed to the rate reduction. Furthermore it was agreed that consenting to the rate reduction would not be an exception to our policy. The WLDC does not hold the note and the client did not make the request directly to the WLDC.

A motion was made by Mrs. Flint and seconded by Mr. Fallon to approve and execute Watertown Savings Bank Notification and Consent of Participant to a Change in Terms regarding Peppercorn Lodging Co. decreasing the rate of interest from 5.25% to 4.00% and the interest rate floor to 4.00%. Mrs. Dermady abstained. All in favor. Carried.

RBC Wealth Management – A motion was made by Mr. Alexander, seconded by Mrs. Dermady to approve and execute the RBC Wealth Management banking resolution to proceed with the line of credit/loan in the amount of \$1.56 million to be pledged by the assets of the WLDC excluding the CDBG restricted funds. Legal counsel will provide an opinion letter confirming the legal and regulatory capacity to enter into the agreement with RBC. The line of credit will be used to fund Neighbors of Watertown, Inc. construction loan for the Brighton project. All in favor. Carried.

VI. NEW BUSINESS

Activity Report of CEO – The activity report was reviewed by the Board.

VII. OLD BUSINESS

North Country Arts Council – Mr. Rutherford met with Chris Marsala, President of NCAC regarding the reduced lease payments on Suite D of the Franklin Building. Mr. Marsala stated the NCAC has been experiencing difficulty with the layout of the proposed theater. Mr. Rutherford recommended the NCAC contact the City Code Enforcement Office regarding occupancy of the space, requirements for restrooms, etc. Mr. Rutherford addressed the need to increase the rent toward the market rate and offered to attend a NCAC board of directors meeting. Mr. Marsala assured Mr. Rutherford the project will move forward. The NCAC is on a month to month rate.

Blue Cat Cycles –Blue Cat Cycles lease payments are past due. Murat O’Hara has attempted to make his new location at the Franklin Building lucrative and stated he will bring his lease payments current with the LDC. Blue Cat Cycle will not renew their lease which terminates on November 30, 2014.

Romalato’s Delicatessen – Mr. Rutherford reported the principals have a court appearance today and Attorney Christine Stone will contact Mr. Rutherford with an update. The WLDC has not received the acknowledgment letters from Mr. Badalato and Mr. Romeo and the bill of sale.

VIII. NEXT BOARD MEETING - The next meeting will be held on Thursday, October 23, 2014 at 8:30 a.m.

IX. ADJOURNMENT – Mr. Fallon made a motion, seconded by Mrs. Dermady to adjourn the board meeting at 9:30 a.m. All in favor. Carried.